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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

**TESTIMONY**

OCA FILE

September 29, 1989

Leg

OCA 3361-89

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer:

Department of the Treasury - Carole Toth (566-8523)  
Office of National Drug Control Policy - Frank Kalder  
(673-2615)  
Central Intelligence Agency - [redacted] (482-[redacted])  
National Security Council - G. Philip Hughes (456-2224)  
National Security Agency - [redacted] (688-7246)

SUBJECT: Department of Justice draft testimony on the FBI's drug program.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than 10:00 a.m. Monday, October 2, 1989.

Questions should be referred to Branden Blum (395-3454), the legislative attorney in this office.

*James J. Jukes*  
James J. Jukes for  
Assistant Director for  
Legislative Reference

Enclosures

cc: R. Bacherman  
J. Cunningham

J. Duke

B. Hannon

DRAFT

OPENING STATEMENT  
OF  
WILLIAM S. SESSIONS  
DIRECTOR  
FEDERAL BUREAU OF INVESTIGATION  
BEFORE  
THE COMMITTEE ON THE JUDICIARY  
UNITED STATES SENATE  
WASHINGTON, D.C.  
OCTOBER 3, 1989

DRAFT

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE FBI'S DRUG PROGRAM.

MY OPENING REMARKS WILL ADDRESS THE FBI'S ROLE IN THE SUPPLY REDUCTION COMPONENT OF THE NATIONAL DRUG CONTROL STRATEGY WITH EMPHASIS ON THE BUREAU'S MISSION IN COMBATING DOMESTIC AND INTERNATIONAL DRUG-TRAFFICKING ORGANIZATIONS AND THEIR SUPPORTING MONEY-LAUNDERING OPERATIONS. I WILL ALSO ADDRESS HOW THE FBI'S NATIONAL DRUG STRATEGY COMPLEMENTS THE EFFORTS OF OTHER FEDERAL DRUG SUPPLY REDUCTION AGENCIES AND, AS YOU REQUESTED, WHETHER THE FBI HAS SUFFICIENT RESOURCES TO FULFILL ITS RESPONSIBILITIES UNDER THE NATIONAL DRUG CONTROL STRATEGY.

FIRST, IT MUST BE RECOGNIZED AT THE OUTSET THAT DRUG TRAFFICKING IS MUCH MORE THAN THE IMPORTATION AND DISTRIBUTION OF ILLICIT DRUGS: IT IS ALSO MONEY LAUNDERING, WIRE AND MAIL FRAUD, MURDER AND EXTORTION, POLICE AND POLITICAL CORRUPTION, TERRORISM, AND A VARIETY OF OTHER CRIMINAL VIOLATIONS. THE FBI HAS INVESTIGATIVE JURISDICTION AND DECADES OF INVESTIGATIVE EXPERIENCE IN EACH OF THESE AREAS.

THE FBI'S CUMULATIVE EXPERIENCE IN SUCCESSFULLY MANAGING THESE TRADITIONAL LONG-TERM, COMPLEX AND OFTENTIMES INNOVATIVE INVESTIGATIONS IS UNPARALLELED. THESE ABILITIES ARE INVALUABLE BECAUSE DRUG-TRAFFICKING ORGANIZATIONS HAVE PROVEN TO BE AS ORGANIZED AND INSIDIOUS AS THE LA COSA NOSTRA AND OTHER CONSPIRATORIAL CRIMINAL GROUPS.

TO MAXIMIZE THE USE OF EXISTING FBI RESOURCES, THE BUREAU HAS EMPLOYED SOPHISTICATED INVESTIGATIVE TECHNIQUES, RESULTING IN

THE EFFECTIVE AND EFFICIENT DEVELOPMENT OF EVIDENCE ON EVEN THE MOST SECRETIVE CONSPIRACIES. FROM THE INSTALLATION OF TRACKING DEVICES IN BOATS AND AIRPLANES--THE COORDINATION OF CROSS-COUNTRY PHYSICAL SURVEILLANCES--THE EMPLOYMENT OF LONG-TERM UNDERCOVER OPERATIONS--AND THE USE OF ELECTRONIC SURVEILLANCE, THE FBI HAS CAPITALIZED ON THE EXPERTISE, DISCIPLINE AND INVESTIGATIVE STRATEGY WE HAVE DEVELOPED TO PENETRATE MAJOR DRUG-TRAFFICKING ORGANIZATIONS.

THE FBI'S INVESTIGATIVE JURISDICTION AND EXPERIENCE IN THE WIDE GAMUT OF FEDERAL VIOLATIONS ENSURES THAT ALL ASPECTS OF DRUG CONSPIRACIES ARE FULLY EXPLORED. THE FBI IS THE ONLY INVESTIGATIVE AGENCY WHOSE PRIMARY MISSION IN THE WAR ON DRUGS IS ATTACKING DRUG ORGANIZATIONAL STRUCTURES. MOST IMPORTANTLY, AS A MULTIMISSION AGENCY, THE FBI IS UNIQUELY EXPERIENCED IN INVESTIGATING ALL CRIMINAL ACTIVITY IN WHICH DRUG-TRAFFICKING ORGANIZATIONS ARE INVOLVED. THIS IS THE EXTRA DIMENSION THAT THE FBI BRINGS TO THE WAR ON DRUGS.

IN REGARD TO MONEY LAUNDERING, THE FBI CONSIDERS IT TO BE BUT ONE ASPECT OF ORGANIZATIONAL ACTIVITY WHICH MUST NOT BE ADDRESSED SINGLY, BUT RATHER AS PART OF THE OVERALL ORGANIZATIONAL ACTIVITY. NONETHELESS, THE FBI HAS HAD GREAT SUCCESS IN MONEY-LAUNDERING CASES, FREQUENTLY IN JOINT CASES IN WHICH THE EXPERTISE OF MULTIPLE AGENCIES CAN BE SHARED. WELL KNOWN INVESTIGATIONS COME TO MIND; FOR EXAMPLE, PIZZA CONNECTION, CASHWEB/EXPRESSWAY AND POLAR CAP, THE LARGEST EVER MONEY-LAUNDERING CASE.

THE TOTALITY OF THE DIMENSIONS OF OUR DRUG PROGRAM IS EMBODIED IN THE FBI'S NATIONAL DRUG STRATEGY. ADOPTED IN MAY, 1986,

WITH THE CONCURRENCE OF THE ATTORNEY GENERAL, OUR NATIONAL DRUG STRATEGY WAS DERIVED FROM AN IN-DEPTH REVIEW AND ANALYSIS OF DRUG TRAFFICKING AND A DETERMINATION OF THE PROPER ROLE FOR THE FBI IN SUPPLY REDUCTION. OUR STRATEGY IS BASED ON THE PREMISE THAT THE FBI'S EXISTING RESOURCES MUST BE USED WHERE THEY WILL MAKE THE GREATEST IMPACT. THE NATIONAL DRUG STRATEGY TARGETS MAJOR, MULTIJURISDICTIONAL DRUG-TRAFFICKING ORGANIZATIONS WITH THE INTENTION OF DISMANTLING TRAFFICKING NETWORKS, ARRESTING THEIR LEADERSHIP, AND SEIZING AND FORFEITING THEIR ASSETS. THIS APPROACH IS BASED ON THE REALIZATION GATHERED THROUGH YEARS OF INVESTIGATIVE EXPERIENCE THAT THE DISMANTLING OF ORGANIZATIONS YIELDS THE GREATEST AND MOST LASTING RESULTS.

FBI DRUG INVESTIGATIONS TARGET ORGANIZATIONS RATHER THAN INDIVIDUALS. INVESTIGATIONS ARE INITIATED BASED UPON AN ANALYSIS OF INTELLIGENCE INFORMATION DEMONSTRATING THE SIGNIFICANCE OF AN ORGANIZATION AS OPPOSED TO TARGETS OF OPPORTUNITY AND OTHER NONSTRATEGIC "BODY-COUNT" INVESTIGATIONS.

FOR EXAMPLE, THE FBI'S SUSTAINED ATTACK ON SICILIAN MAFIA DRUG ORGANIZATIONS USED 2,200 COURT-AUTHORIZED INTERCEPTION DAYS AT A COST OF \$1.25 MILLION. THIS FIGURE DOES NOT INCLUDE OTHER COSTS SUCH AS THOSE RELATED TO PHYSICAL SURVEILLANCE AND TRADITIONAL INVESTIGATIVE PROCEDURES. NONETHELESS, THE IMPACT UPON THE SICILIANS WAS DEVASTATING AND THE RETURN ON THE INVESTMENT WAS SUBSTANTIAL. THEIR LONG-STANDING DRUG IMPORTATION AND TRAFFICKING ORGANIZATIONS WERE CRIPPLED. HIGH-LEVEL SICILIAN TRAFFICKERS RECEIVED LENGTHY PRISON TERMS AND RECORD SETTING FINES. THE ATTACK

HAS MADE THEIR CONTINUED TRAFFICKING IN HEROIN LESS ATTRACTIVE FOR THEM BOTH HERE IN THE UNITED STATES AND IN ITALY. THE FBI'S MAJOR UNDERCOVER CASE CALLED CAT-COM, WHICH USED STRATEGIC INTELLIGENCE TO TARGET COLOMBIAN DRUG IMPORTERS, WAS EQUALLY SUCCESSFUL. SEVEN TRAFFICKING ORGANIZATIONS WERE NEUTRALIZED, FIVE AND ONE HALF TONS OF COCAINE, 105 TONS OF MARIJUANA AND \$1 MILLION IN CASH WERE SEIZED AND 94 INDIVIDUALS WERE INDICTED.

WHITEMARE IS ANOTHER CASE WHICH ILLUSTRATES THE MERITS OF THIS APPROACH. FIVE INTERNATIONAL ORGANIZATIONS OPERATING IN CANADA, HONG KONG, THAILAND, SINGAPORE AND THE UNITED STATES THAT WERE TRAFFICKING IN SOUTHEAST ASIAN HEROIN WERE IDENTIFIED. THIS INVESTIGATION RESULTED IN THE ARREST OF 17 SUBJECTS, AND THE SEIZURE OF OVER \$4.5 MILLION IN CASH AND OVER 900 POUNDS OF HEROIN WITH A STREET VALUE OF OVER \$1 BILLION.

LESS THAN A MONTH AGO, THE OFFICE OF NATIONAL DRUG CONTROL POLICY SET FORTH ITS CONGRESSIONALLY MANDATED NATIONAL DRUG CONTROL STRATEGY AND, I AM PROUD TO SAY, ONE OF ITS PRINCIPAL OBJECTIVES MIRRORS THE FBI'S INVESTIGATIVE STRATEGY FOR ADDRESSING DRUG-TRAFFICKING ORGANIZATIONS. AS RECENTLY STATED BY DIRECTOR BENNETT IN TESTIMONY BEFORE A SUBCOMMITTEE OF THE SENATE: "THE DESTRUCTION, THE DISMANTLEMENT OF THESE ORGANIZATIONS HAS TO BE OUR MAIN GOAL." I CAN ASSURE YOU THAT IT IS THE PRECISE PURPOSE OF THE FBI'S NATIONAL DRUG STRATEGY.

I WOULD BE REMISS IF I DID NOT MAKE IT CLEAR THAT THE SUCCESSES IN ALL THE CASES I HAVE MENTIONED RESTED ON INTERAGENCY COOPERATION, WHICH BRINGS ME TO ANOTHER TENET OF THE FBI'S NATIONAL

DRUG STRATEGY: JOINT-COOPERATIVE UNDERTAKINGS WITH OTHER FEDERAL, STATE AND LOCAL LAW ENFORCEMENT AGENCIES ENGAGED IN THE ONGOING WAR AGAINST DRUGS. IN RECOGNITION OF THE IMPORTANCE OF COOPERATIVE EFFORTS, A SUPPLY REDUCTION WORKING GROUP THAT WILL BE CHAIRED BY THE OFFICE OF NATIONAL DRUG CONTROL POLICY WAS ESTABLISHED AS A PART OF THE NATIONAL DRUG CONTROL STRATEGY. THE FBI IS COMMITTED TO PLAYING AN IMPORTANT ROLE AS A MEMBER OF THIS GROUP AND WELCOMES THE OPPORTUNITY TO PARTICIPATE IN SUPPLY-RELATED DRUG POLICY ISSUES THAT ARE CROSS-AGENCY IN NATURE.

THE NATIONAL DRUG CONTROL STRATEGY ALSO RECOGNIZES THE DEPARTMENT OF JUSTICE'S ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCE PROGRAM AS "A MODEL OF INTERAGENCY COORDINATION AND... A PRIORITY FOR FUTURE EXPANSION IN FEDERAL DRUG ENFORCEMENT." THE FBI HAS BEEN AN ACTIVE PARTICIPANT SINCE THE PROGRAM'S INCEPTION IN OCTOBER 1982 AND WE ARE STRONGLY COMMITTED TO THIS COOPERATIVE LAW ENFORCEMENT EFFORT. WE DEDICATE OVER 40 PERCENT OF OUR DRUG RESOURCES TO THESE INVESTIGATIONS. FURTHER, THE FBI'S LONG-STANDING NATIONAL DRUG STRATEGY IS ENTIRELY CONSISTENT WITH THE GOALS AND OBJECTIVES OF THIS MODEL PROGRAM.

THE NATIONAL DRUG CONTROL STRATEGY ALSO RECOGNIZES THE NECESSITY FOR THE FEDERAL GOVERNMENT TO ESTABLISH A CONSOLIDATED AND COORDINATED DRUG INTELLIGENCE COLLECTION, ANALYSIS, AND INFORMATION-SHARING NETWORK. INTELLIGENCE, FROM DOMESTIC AND INTERNATIONAL SOURCES, IS THE VERY FOUNDATION OF THE FBI'S DRUG PROGRAM. ALL AGENCIES PURSUING DRUG AND DRUG-RELATED ENFORCEMENT ACTIVITIES MUST BECOME PARTNERS IN THE INTELLIGENCE ARENA IF MAXIMUM USE IS TO BE

MADE OF INTELLIGENCE. WE MUST ENSURE THAT VALUABLE INTELLIGENCE THAT CAN BE EMPLOYED TO DISMANTLE MAJOR DRUG ORGANIZATIONS IS NOT UNDER-UTILIZED IN THE PURSUIT OF SHORT-TERM STATISTICAL ACCOMPLISHMENTS, LEAVING THE ORGANIZATIONS THEMSELVES VIRTUALLY UNSCATHED. DISRUPTING THE OPERATIONS OF MONEY LAUNDERERS ALONE, FOR EXAMPLE, WITHOUT ADDRESSING THE DRUG CONSPIRATORS WHO EMPLOY THEIR SERVICES, SIMPLY BECOMES A COST OF DOING BUSINESS. A PREOCCUPATION WITH SEIZING REPLENISHABLE DRUGS, WITHOUT TARGETING THE ORGANIZATIONAL LEADERSHIP THAT IS RESPONSIBLE FOR THEIR CULTIVATION, IMPORTATION AND DISTRIBUTION, HAS SIMILARLY PROVEN IN MANY INSTANCES TO BE INEFFECTIVE.

THE FBI AND DEA ARE CLEARLY COMMITTED TO SHARING INTELLIGENCE. WE ARE EQUALLY COMMITTED TO THE CREATION OF A NATIONAL DRUG INTELLIGENCE CENTER. ADMINISTRATOR LAWN AND I ARE CONFERRING WITH THE DEPARTMENT OF JUSTICE CONCERNING PROPOSALS TO DEVISE A NATIONAL DRUG INTELLIGENCE CENTER IN WHICH THE FEDERAL LAW ENFORCEMENT AND INTELLIGENCE COMMUNITY WILL PARTICIPATE. IT IS MY FIRM CONVICTION THAT THE CENTER WILL BE RESPONSIVE TO THE NEEDS OF ALL AGENCIES INVOLVED IN DRUG ENFORCEMENT ACTIVITIES, WILL SUPPORT THE OBJECTIVES OF THE NATIONAL DRUG CONTROL STRATEGY, AND WILL PROVIDE STRATEGIC INTELLIGENCE CAPABILITIES.

UNTIL RECENTLY, THE TECHNOLOGY NEEDED TO SUPPORT THIS NEW COOPERATIVE VENTURE EXCEEDED THE INDIVIDUAL CAPABILITIES OF THE VARIOUS EXISTING AUTOMATED SYSTEMS. HOWEVER, THE FBI HAS RECENTLY DEVELOPED A STATE-OF-THE-ART AUTOMATED INFORMATION SYSTEM. WITH AN ESTIMATED START-UP COST OF ABOUT \$17 MILLION, THE FBI HAS BUILT AND



TESTED A PROTOTYPE DRUG INFORMATION SYSTEM. THIS SYSTEM COMBINES THE MOST TECHNICALLY ADVANCED HARDWARE AND SOFTWARE. IT HAS THE ABILITY TO INTEGRATE THE INTELLIGENCE INFORMATION CONTAINED IN THE VARIOUS, HERETOFORE INCOMPATIBLE, DATA SYSTEMS USED THROUGHOUT THE FEDERAL DRUG ENFORCEMENT COMMUNITY. THE DRUG INFORMATION SYSTEM WILL FACILITATE THE TARGETING OF DRUG-TRAFFICKING ORGANIZATIONS, THE MANAGEMENT OF COMPLEX INVESTIGATIONS, THE DISMANTLING OF DRUG ORGANIZATIONS AND THE SEIZURE OF ILLICIT DRUG PROCEEDS.

THE SHARING OF INTELLIGENCE HAS A STRONG COOPERATIVE BASE TO DRAW UPON. THE FBI AND DEA HAVE ESTABLISHED JOINT INTELLIGENCE WORKING GROUPS IN MIAMI AND CHICAGO AND PLAN TO EXPAND THIS INITIATIVE TO OTHER MAJOR DRUG TRAFFICKING CENTERS. THE FBI ROUTINELY DISSEMINATES TACTICAL INTELLIGENCE INFORMATION DEVELOPED THROUGH OUR INVESTIGATIONS TO INTERDICTION AGENCIES AND THE EL PASO INTELLIGENCE CENTER. FBI AND DEA HEADQUARTERS HAVE REGULAR EXCHANGES OF SUPERVISORY PERSONNEL TO FACILITATE THE SHARING OF INTELLIGENCE. A UNITED STATES CUSTOMS SERVICE AGENT IS ASSIGNED TO THE FBI'S DRUG SECTION TO FACILITATE JOINT FBI/CUSTOMS SERVICE MONEY-LAUNDERING CASES AND INTERDICTION EFFORTS. FURTHER, A SENIOR CIA ANALYST HAS BEEN DETAILED AS A SPECIAL ASSISTANT IN THE FBI'S DRUG INTELLIGENCE UNIT TO FACILITATE OUR RELATIONSHIP WITH THE INTELLIGENCE COMMUNITY.

ACCELERATING THE FBI'S NATIONAL DRUG STRATEGY, OUR AMBITIOUS COMPUTER PROJECTS AND NEW INITIATIVES IN THE INTELLIGENCE ARENA ARE COSTLY. WHEN THE FBI WAS INITIALLY CHARGED WITH INVESTIGATING FEDERAL CRIMINAL DRUG LAW VIOLATIONS IN 1982, WE DID

NOT RECEIVE INITIAL FUNDING TO HANDLE THIS NEW RESPONSIBILITY AND WE IMMEDIATELY HAD TO DIVERT RESOURCES FROM OTHER INVESTIGATIVE PROGRAMS. CURRENTLY, 57 PERCENT--654 AGENTS--OF OUR TOTAL FUNDED COMPLEMENT OF 1,138 FBI FIELD AGENTS CONDUCTING DRUG INVESTIGATIONS WERE TAKEN FROM OTHER FBI INVESTIGATIVE PROGRAMS. SINCE 1985, THE ONLY AGENT ENHANCEMENTS THAT HAVE BEEN RECEIVED ARE 61 AGENTS IN 1989 FROM THE ANTI-DRUG ABUSE ACT OF 1988. BUT OUR COMMITMENT TO DRUG ENFORCEMENT CONTINUES. THE FBI IS CURRENTLY USING MORE THAN 300 AGENTS OVER AND ABOVE THE PRESENT FUNDED COMPLEMENT. THIS IS IN ADDITION TO THE AFOREMENTIONED PERMANENT REPROGRAMMING OF 654 AGENTS.

WITH CURRENT RESOURCES, THE FBI IS ABLE TO ADDRESS ABOUT HALF OF THE MORE THAN 450 SIGNIFICANT IMPORTATION/DISTRIBUTION DRUG-TRAFFICKING GROUPS WE HAVE IDENTIFIED. I HAVE STATED PREVIOUSLY THAT TO ADDRESS EFFECTIVELY ALL THESE DRUG ORGANIZATIONS A TOTAL OF 2,000 FBI AGENTS WOULD BE NEEDED TO SUPPORT DRUG INVESTIGATIONS AND INTELLIGENCE-GATHERING NEEDS. IN ADDITION, ADEQUATE SPECIALTY SUPPORT PERSONNEL WOULD BE REQUIRED SUCH AS DRUG INTELLIGENCE ANALYSTS TO STAFF THE DRUG INFORMATION SYSTEM. THE DRUG INFORMATION SYSTEM WILL PROVIDE THE COMPUTER TECHNOLOGY SO CRITICALLY NEEDED IF A NEW NATIONAL DRUG INTELLIGENCE CENTER IS TO MAXIMIZE THE USE OF COOPERATIVE INTELLIGENCE SHARING.

THE FBI'S DRUG STRATEGY IS A SOUND APPROACH WITH ATTAINABLE OBJECTIVES. THE NEWLY DEVELOPED DRUG INFORMATION SYSTEM AND COOPERATIVE EFFORTS HAVE THE POTENTIAL TO ENHANCE THE SHARING OF DRUG INTELLIGENCE AND THE IMPLEMENTATION OF A STRATEGIC INTELLIGENCE

BASE. IT IS MY CONVICTION THAT GIVEN ADEQUATE RESOURCES WE CAN DISMANTLE DRUG-TRAFFICKING ORGANIZATIONS. THE FBI HAS BEEN GIVEN THE RESPONSIBILITY FOR OTHER CHALLENGING INVESTIGATIVE PROGRAMS-- ORGANIZED CRIME, WHITE-COLLAR CRIME, CIVIL RIGHTS VIOLATIONS, TERRORISM, FOREIGN COUNTERINTELLIGENCE AND VIOLENT CRIMES, TO NAME A FEW. WHERE NEEDED, THE FBI HAS DEVELOPED THE NECESSARY TECHNOLOGY TO MEET THESE CHALLENGES. I AM CONFIDENT THAT THE FBI WILL BE EQUALLY SUCCESSFUL IN FULFILLING ITS ROLE IN THE SUPPLY-REDUCTION STRATEGY IN THE WAR ON DRUGS.

THAT CONCLUDES MY PREPARED STATEMENT, I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE AT THIS TIME.